

MEDI-CAL PROVISIONS ADOPTED IN CONJUNCTION WITH IMPLEMENTATION
OF THE HEALTHY FAMILIES PROGRAM
(by Federal Fiscal Year)

	FFY 1		FFY2		FFY3	
	Total	GF /1	Total	GF	Total	GF
100% Expansion						
Program	\$7,686,588	\$2,624,201	\$16,359,605	\$5,547,542	\$14,103,450	\$4,782,480
Co. Admin	\$422,781	\$144,337	\$2,005,157	\$679,949	\$1,829,450	\$620,366
Total	\$8,109,369	\$2,768,538	\$18,364,762	\$6,227,491	\$15,932,900	\$5,402,846
Asset Waiver						
Program	\$3,818,306	\$1,303,570	\$18,273,319	\$6,196,483	\$19,637,000	\$6,658,907
Co. Admin	\$908,950	\$310,316	\$4,349,975	\$1,475,077	\$4,674,600	\$1,585,157
Total	\$4,727,256	\$1,613,885	\$22,623,294	\$7,671,559	\$24,311,600	\$8,244,064
One Month Continuing						
Program	\$2,252,800	\$769,106	\$27,034,000	\$9,167,229	\$27,034,000	\$9,167,229
Co. Admin	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$2,252,800	\$769,106	\$27,034,000	\$9,167,229	\$27,034,000	\$9,167,229
Outreach						
Program	\$0	\$0	\$0	\$0	\$0	\$0
Co. Admin	\$5,158,000	\$1,844,200	\$12,000,000	\$4,096,800	\$12,000,000	\$4,096,800
Total	\$5,158,000	\$1,844,200	\$12,000,000	\$4,096,800	\$12,000,000	\$4,096,800

1/ The enhanced federal sharing ratio is 65.86% for FFY 1 and 66.09% in FFY 2 . FFY 3 is unknown therefore the FFY 2 % is used.

Fiscal Forecasting
02/04/98
%exp.mmd

MEDI-CAL PROVISIONS ADOPTED IN CONJUNCTION WITH IMPLEMENTATION
OF THE HEALTHY FAMILIES PROGRAM

The costs of the Medi-Cal provisions adopted in conjunction with the implementation of the Healthy Families Program are different in the initial state and federal fiscal years for the following reasons:

100% Expansion: Current eligibles are expected to phase in over three months and new eligibles over a year.

Asset Waiver: New eligibles are expected to phase in over a year.

One Month Continuing: The difference in the months included in the fiscal years.

Outreach: The difference in the months included in the fiscal years.

Fiscal Forecasting
1/16/98
%exp.mmd

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Department of Health Services
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Fiscal Forecasting & Data
Management Branch
R-41-97E
December 3, 1997

**FISCAL ANALYSIS OF REGULATION R-41-97E:
Expansion of Medi-Cal Children's Programs**

Emergency regulation R-41-97E will expand the 100% of Poverty Program to cover all children between the ages of 6 and 19. It will also eliminate the resource test for children eligible under the 100% and 133% of Poverty Programs. These changes are being made in compliance with SB 903 (Chapter 624, Statutes of 1997).

Assumptions:

100% Program Expansion:

Program Costs:

1. The 100% Program currently covers children over the age of 5 who were born after September 30, 1983. This bill would expand coverage from age 14 up to age 19.
2. Based on a comparison of the estimate for 100% Program eligibles included in the May 1997 Estimate for FY 1997-98, and California population data by age for 1994 extrapolated to 1998, it is estimated that .75% of the California population age 6 to 14 are eligible for the Medi-Cal 100% Program.
3. It is estimated that there will be 2,109,012 children age 15 through 18 in January 1998. Assume .75% of this age group will also be eligible for the 100% Program. (Some of the children who become eligible would have been eligible for Medi-Cal with a share of cost.)

$$2,109,012 \times .0075 = 15,818$$

4. The average fee for service cost in 1995-96 for a 16 -17 year old was \$89. Assume this will be the average cost for this new group of eligibles.

$$15,818 \times \$89 \times 12 \text{ months} = \$16,893,600 (\$5,767,500 \text{ GF}) \text{ annual program costs}$$

5. *Note General Fund amount:* It is expected that there will be enhanced federal funding (65.86% in FFY 1998) for the costs for these eligibles under the provisions of the Balanced Budget Act of 1997.

County Administrative Costs:

1. Assume two-thirds of the children are in families that already have a Medi-Cal case; therefore, the remaining one-third will be new cases.

$$15,818 \times .33 = 5,220$$

$$5,220 \times .15 \text{ intake each month} = 783$$

$$783 \times \$116.66 \text{ cost per intake} \times 12 \text{ months} = \$1,096,100$$

$$5,220 - 783 = 4,437$$

$$4,437 \times \$20.25 \text{ cost per continuing case} \times 12 \text{ months} = \$1,078,200$$

$$\$1,096,100 + \$1,078,200 = \$2,174,300 (\$742,300 \text{ GF}) \text{ annual county administrative cost}$$

Total Annual Cost:

$$\$16,893,600 + \$2,174,300 = \$19,067,900 (\$6,509,800 \text{ General Fund})$$

1997-98 Cost:

1. It is estimated that the expansion of the 100% Program will be implemented in March 1998.
2. It is assumed the impacted children in current cases will have their eligibility redetermined at the time of the quarterly status report. The remainder will phase in over 1 year.
3. The costs for 1997-98 are expected to be \$3,386,000 (\$1,156,000 GF), \$3,217,000 (\$1,098,300 GF) in program costs and \$169,000 (\$57,700 GF) in county administrative costs.

1998/99 Costs:

1. Based on implementation in March, 1998, the 1998-99 cost will be \$17,771,000 (\$6,067,000 GF), \$15,810,000 (\$5,397,500 GF) in program costs and \$1,961,000 (\$669,500 GF) in county administrative costs.

Resource Disregard:

Program Costs:

1. Based on data from January 1996 there are 2,795,927 average monthly children eligible for Medi-Cal with family income below 100% of poverty and 81,459 children eligible under the 133% of Poverty Program.

$$2,795,927 + 81,459 = 2,877,386$$

2. Based on data collected to determine the impact of eliminating the resource test for pregnant women and infants with income at or below 185% of poverty, for every 3.41 persons that are approved for Medi-Cal there is one person that is denied and does not reapply.
3. Based on this same data, 4% of those who are denied and do not reapply had excess resources.
4. Assume these factors are also applicable to children.
5. Based on the May 1997 Medi-Cal Estimate, the average cost for a child eligible under the 100% or 133% program is \$48 per month.

$$2,877,386 / 3.41 = 843,808$$

$$843,808 \times .04 = 33,752$$

$$33,752 \times \$48 \times 12 \text{ mo.} = \$19,441,000$$

6. There are additional costs for application of resource disregard to the new group of eligibles to be added to the 100% of Poverty Program under the provisions of this bill.

$$15,818 \text{ new } 100\% \text{ eligibles age } 15-18$$

$$\times .29 \text{ apply for Medi-Cal and are denied}$$

$$\times .04 \text{ have income within allowable limits} = 183$$

$$183 \times \$89 \times 12 \text{ mo.} = \$196,000$$

$$\$19,441,000 + \$196,000 = \$19,637,000 (\$ 6,704,100 \text{ General Fund}) \text{ annual program cost}$$

7. *Note General Fund amount:* It is expected that there will be enhanced federal funding (65.86% in FFY 1998) for the costs for these eligibles under the provisions of the Balanced Budget Act of 1997.
8. The costs identified here are minimum costs based on persons who currently apply for Medi-Cal and are denied. To the extent that there are additional persons who take advantage of this change in Medi-Cal rules, the costs may be greater.

County Administrative Costs:

1. Assume that the cost of the intake is already covered for these eligibles because these children currently apply and are denied. Assume there will be ongoing county administrative costs for 19,237 new cases:

$$19,237 \times \$20.25 \text{ cost/ongoing case} \times 12 \text{ mo.} = \$4,674,600 (\$1,595,900 \text{ GF})$$

Total cost:

$$\$19,637,000 + \$4,674,600 = \$24,311,600 (\$8,300,000 \text{ General Fund})$$

1997-98 Cost:

1. Resource disregard is expected to be implemented in March 1998.
2. Based on the March 1998 implementation, the FY 1997-98 costs will be \$1,688,600 (\$576,500 GF), \$1,364,000 (\$465,700 GF) in program costs and \$324,600 (\$110,800 GF) in county administrative costs.

1998-99 Cost:

1. Based on the March 1998 implementation date, 1998-99 costs will be \$19,584,700 (\$6,686,200 GF), \$15,819,000 (\$5,400,600 GF) in program costs and \$3,765,700 (\$1,285,600 GF) in county administrative costs.

SUMMARY OF FISCAL IMPACT:

Proposed regulation R-41-97E will result in annual costs of \$43,379,500 (\$14,809,800 General Fund). Of this amount, \$19,067,900 (\$6,509,800 General Fund) is for expansion of the 100% Program and \$24,311,600 (\$8,300,000 General Fund) is for resource disregard.

FY 1997-98 costs are expected to be \$5,074,600 (\$1,732,500 General Fund).

FY 1998-99 costs are expected to be \$37,355,700 (\$12,753,200 General Fund).

There is no impact on local government, schools, businesses, or private entities for reasonably complying with these regulations.

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PROGRAM CONCURRENCE: YES

POLICY CHANGE NO. 4

TITLE 100% PROGRAM EXPANSION

IMPLEMENTATION DATE 03/1998

DESCRIPTION

SB 903 requires the Department to expand the program which provides Medi-Cal without a share of cost to children with family income below 100% of poverty. Currently this program provides coverage to children born after September 30, 1983. The program will now cover children under the age of 19.

Assumptions:

1. Based on a comparison of children currently eligible for Medi-Cal under the 100% Poverty Program to all children in California ages 6 - 14, .75% of the children in California ages 15 through 18 will become eligible for Medi-Cal when the 100% program is expanded.
2. It is estimated that there will be 2,109,012 children age 15 through 18 in January 1998.

$$2,109,012 \times .0075 = 15,818$$

3. Assume the average cost for these new eligibles will be \$89 a month, the average fee-for-service cost for a 16 to 17 year old.

$$15,818 \times \$89 \times 12 \text{ mo.} = \$16,893,600$$

4. Enhanced FFP (65.86% in FFY 98 and 66.09% in FFY 99) is available for the cost of this expansion until the time that the coverage of these children would have been mandatory (i.e. the children in this age group would have birthdays after 9/30/83).

	C/Y	B/Y
	-----	-----
FULL YEAR COST - TOTAL FUNDS	\$3,217,000	\$15,810,000
- STATE FUNDS	\$1,098,300	\$5,370,700
% REFLECTED IN BASE	0.0000	0.0000
APPLIED TO BASE		
TOTAL FUNDS	\$3,217,000	\$15,810,000
STATE FUNDS	\$1,098,300	\$5,370,700
FEDERAL FUNDS	\$2,118,700	\$10,439,300

ANALYST Maura Donovan (REF_NO 118)

COUNTY ADMIN. NO 12
 TITLE 100% PROGRAM EXPANSION
 IMPLEMENTATION DATE 03/1998

DESCRIPTION:

SB 903 requires the Department to expand the 100% of Poverty Program to include children age 15 through 18.

Assumptions:

1. 15,818 children are expected to be added to the Medi-Cal Program due to this expansion.
2. Assume two-thirds are in families that already have a Medi-Cal case.

$$15,818 \times .33 \text{ new cases} = 5,220$$

$$5,220 \times .15 \text{ intake each mo.} = 783$$

$$783 \times \$116.66 \times 12 \text{ mo.} = \$1,096,100$$

$$4,437 \text{ con't} \times \$20.25 \times 12 \text{ mo.} = \$1,078,200$$

$$\$1,096,100 + \$1,078,200 = 2,174,300 \text{ cost}$$

3. The costs for this new group will phase in over 12 months.
4. Enhanced federal funding (\$65.86% in FFY 98 and 66.09 in FFY 99) is expected for this expansion.

	C/Y		B/Y	
	ONE-TIME	ON-GOING	ONE-TIME	ON-GOING
PROCEDURAL - TOT.	\$0	\$0	\$0	\$0
CASELOAD - TOT.	\$0	\$169,000	\$0	\$1,961,000
TOTAL FUNDS	\$0	\$169,000	\$0	\$1,961,000
STATE FUNDS	\$0	\$57,700	\$0	\$666,150
% IN: PROCEDURAL	0.000	0.000	0.000	0.000
BASE: CASELOAD	0.000	0.000	0.000	0.000
APPLIED TO BASE:				
PROCEDURAL - TOT.	\$0	\$0	\$0	\$0
CASELOAD - TOT.	\$0	\$169,000	\$0	\$1,961,000
TOTAL FUNDS	\$0	\$169,000	\$0	\$1,961,000
STATE FUNDS	\$0	\$57,700	\$0	\$666,150

ANALYST Maura Donovan

POLICY CHANGE NO. 7

TITLE RESOURCE DISREGARD - % PROGRAM CHILDREN

IMPLEMENTATION DATE 03/1998

DESCRIPTION

Based on the provisions of SB 903, resources will not be counted in determining the Medi-Cal eligibility of children with family income within percentage program limits.

Assumptions:

1. In January 1996 there were 2,795,927 children eligible for Medi-Cal with family income below 100% of poverty and 81,459 with income between 100% and 133%.
2. Based on data collected to determine the impact of eliminating the asset test under the 185% program, one person is denied Medi-Cal and does not reapply for every 3.41 persons that are approved. 4% of those that were denied and did not reapply had excess assets. Assume these same assumptions apply to children applying for Medi-Cal.
3. Based on the above, 33,935 children will become eligible for Medi-Cal.
4. The average cost for a child under 15 is estimated to be \$48. It is \$89 for those 15 to 18.
5. Annual costs are expected to be \$19,637,000
6. Enhanced federal funding (65.86% in FFY 1998 and 66.09% in FFY 99) is expected.

	C/Y	B/Y
	-----	-----
FULL YEAR COST - TOTAL FUNDS	\$1,364,000	\$15,819,000
- STATE FUNDS	\$465,700	\$5,373,700
% REFLECTED IN BASE	0.0000	0.0000
APPLIED TO BASE		
TOTAL FUNDS	\$1,364,000	\$15,819,000
STATE FUNDS	\$465,700	\$5,373,700
FEDERAL FUNDS	\$898,300	\$10,445,300
ANALYST Maura Donovan	(REF_NO 117)	

COUNTY ADMIN. NO 15
 TITLE RESOURCE DISREGARD - % PROGRAM CHILDREN
 IMPLEMENTATION DATE 03/1998
 DESCRIPTION:

Based on the provisions of SB 903, resources will not be counted in determining the Medi-Cal eligibility of children with family income within percentage program limits.

Assumptions:

1. All of the children added due to the resource disregard are already applying for Medi-Cal and being denied. Therefore, there will be no intake costs.
2. There will be ongoing case costs for an estimated 19,237 average monthly cases.
 $19,237 \times \$20.25 \times 12 \text{ mo.} = \$4,674,600 \text{ annual cost}$
3. These costs will phase in over 1 year.
4. Enhanced federal funding (65.86% in FFY 98 and 66.09% in FFY 99) is expected.

	C/Y		B/Y	
	ONE-TIME	ON-GOING	ONE-TIME	ON-GOING
PROCEDURAL - TOT.	\$0	\$0	\$0	\$0
CASELOAD - TOT.	\$0	\$324,600	\$0	\$3,765,700
TOTAL FUNDS	\$0	\$324,600	\$0	\$3,765,700
STATE FUNDS	\$0	\$110,800	\$0	\$1,279,200
% IN: PROCEDURAL	0.000	0.000	0.000	0.000
BASE: CASELOAD	0.000	0.000	0.000	0.000
APPLIED TO BASE:				
PROCEDURAL - TOT.	\$0	\$0	\$0	\$0
CASELOAD - TOT.	\$0	\$324,600	\$0	\$3,765,700
TOTAL FUNDS	\$0	\$324,600	\$0	\$3,765,700
STATE FUNDS	\$0	\$110,800	\$0	\$1,279,200

ANALYST Maura Donovan

POLICY CHANGE NO. 5

TITLE ONE MONTH CONTINUING - CHILDREN

IMPLEMENTATION DATE 05/1998

DESCRIPTION

The Department intends to implement the provisions of SB 903 regarding one month continuing eligibility for children by providing one month of coverage to all children who become ineligible for Medi-Cal or move from 0 share of cost to a share of cost. This additional coverage is being provided to allow families time to apply for the Healthy Families Program so that there will not be a break in coverage.

Assumptions:

1. Children discontinued from a cash grant already receive additional months of Medi-Cal coverage while their eligibility for other programs is being determined. There will be no new costs for them.
1. There are an estimated 748,445 children under 19 eligible for Medi-Cal Only each month.
2. Based on sample data, 7% lose eligibility each month.

 $748,445 \times .07 = 52,391$
3. Assume the average cost for this group of eligibles will be \$43 per month (AFDC w/o inpatient).

 $52,391 \times \$43 \times 12 \text{ mo.} = \$27,033,800 \text{ annual cost}$
4. Assume that enhanced federal funding (65.86% in FFY 98 and 66.09 in FFY 99) will be available for this additional coverage.

	C/Y	B/Y
	-----	-----
FULL YEAR COST - TOTAL FUNDS	\$2,253,000	\$27,034,000
- STATE FUNDS	\$769,200	\$9,183,500
% REFLECTED IN BASE	0.0000	0.0000
APPLIED TO BASE		
TOTAL FUNDS	\$2,253,000	\$27,034,000
STATE FUNDS	\$769,200	\$9,183,500
FEDERAL FUNDS	\$1,483,800	\$17,850,500

ANALYST Maura Donovan (REF_NO 122)

TITLE

OUTREACH - CHILDREN

DESCRIPTION:

The Budget Act of 1997 includes \$9,000,000 (\$900,000 GF) for outreach activities to children including the outstationing of Medi-Cal eligibility workers. Provision 22 of the Budget Act provides for a transfer of funds from this item to the Support item to implement outreach activities. AB 1572 (625/1997) provided an additional \$2,158,000 (\$820,000 GF) in Local Assistance for education and outreach related to the Healthy Families Program. Annual ongoing needs from this source will expand to \$12,000,000.

	FY 1997-98		FY 1998-99	
	TF	GF	TF	GF
To support	\$9,000,000	\$900,000	\$9,000,000	\$900,000
	-\$243,000	-\$24,000	\$0	\$0
Total 90/10	\$8,757,000	\$876,000	\$9,000,000	\$900,000
Total 65/35	\$2,158,000	\$820,000	\$12,000,000	\$4,096,800
Total	\$10,915,000	\$1,696,000	\$21,000,000	\$4,996,800

	C/Y	B/Y
TOTAL FUNDS	\$10,915,000	\$21,000,000
STATE FUNDS	\$1,696,000	\$4,996,800
FEDERAL FUNDS	\$9,219,000	\$16,003,200

ANALYST Maura Donovan